



State of Louisiana
DIVISION OF ADMINISTRATION

OFFICE OF STATE UNIFORM PAYROLL

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OFFICE OF STATE UNIFORM PAYROLL MEMORANDUM #2003-39

TO: All ISIS HR Paid Agencies

FROM: Jena W. Cary
Director

SUBJECT: Advanced Earned Income Credit (EIC) Payments

Each year on December 31st, IRS Form W-5 (Earned Income Credit Advance Payment Certificate) expires. Eligible employees who want to receive advance payments of the earned income credit for the next year must complete a new Form W-5 and forward to their Employee Administration Office. According to the IRS, Form W-5 becomes effective the day it is received, and remains in effect until the end of the calendar year unless the employee revokes it or files another one. Year 2003 Forms W-5 can be obtained from the local Internal Revenue Service office or from the Internal Revenue Service's website at http://www.irs.gov/pub/irs-pdf/fw5_03.pdf.

For 2003, advance EIC payment tables cover three separate filing statuses: "Single or Head of Household," "Married without Spouse Filing Certificate," and "Married with Both Spouses Filing Certificate." These tables can be found in IRS Publication 15 <http://www.irs.gov/pub/irs-pdf/p15.pdf>. The maximum advance payment a qualified Earned Income Credit recipient may receive is \$1,528 for 2003. To qualify for advance EIC payments, the individual must be expected to have an earned income or modified gross income (for federal income tax purposes) of less than \$29,666 (\$30,666 if married filing jointly) in 2003 and have one qualifying child.

Agencies should run report ZP65, Employee Tax Report, using the selection "Claiming EIC" to determine the affected employees in their agency. The agency should advise these employees that they need to complete a new W-5 if they qualify. All employees with an EIC indicator on IT0210 for calendar year 2002 should have a delimit date of 12/31/2002. Once the Employee Administration office receives a new Form W-5 for 2003, a new IT0210 record must be created to include the EIC indicator with delimit date of 12/31/2003. Agencies must follow on-line help system task "Maintain Withholding Information" for instructions on changing IT0210.

Note: The end of the year is a good time to ask ALL employees in your agency to review their current filing status. Individual circumstances may have changed and employees may want to file an updated W-4 with your agency in order to accommodate a change in their need for withholdings.

Questions should be directed to a member of the OSUP Wage and Tax Administration Unit at (225):

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JWC:RB:kmb